

20 USC  
7703  
note.

(3) in subparagraph (B), by striking  
“such year” and inserting  
“the fiscal year for which the local  
educational agency  
is applying for assistance under this  
subsection.”

(b) DETERMINATION OF AVAILABLE FUNDS.—

Paragraph (3) of  
section 8003(f) of the Elementary and  
Secondary Education Act

of 1965 (20 U.S.C. 7703(f)) is amended—

(1) in the matter preceding subclause  
(I) of subparagraph  
(A)(iii), by inserting , except as provided  
in subparagraph  
(C), after “but”; and  
(2) by adding at the end the following  
new subparagraph:

“(C) DETERMINATION OF AVAILABLE  
FUNDS.—When  
determining the amount of funds  
available to the local  
educational agency for current  
expenditures for purposes  
of subparagraph (A)(iii) for a fiscal  
year, the Secretary  
shall include, with respect to the local  
educational agency’s  
opening cash balance for such fiscal  
year, the portion of  
such balance that is the greater of—

(i) the amount that exceeds the  
maximum amount  
of funds for current expenditures  
that the local educational agency was allowed by  
State law to carry  
over from the prior fiscal year, if  
State restrictions  
on such amounts were applied  
uniformly to all local  
educational agencies in the State;

or section 8002 of the Elementary and Secondary Education Act  
(ii) of 1965 (20 U.S.C. 7702) (as amended by the section 1) is further amended by adding at the end thereof the following new subsection:

that "(i) PRIORITY PAYMENTS.—Notwithstanding subsection (b)(1)(B), for any fiscal year beginning with fiscal year 1997 for which the amount appropriated to carry out this section exceeds the amount so appropriated for fiscal year 1996, the Secretary shall local first use such excess amount to increase the educational payment that would otherwise be made under this section to not more than 50 percent of the maximum amount determined under this subsection. (b) For any operating local educational agency that "(1) received a payment under this section for fiscal year 1996;

"(2) serves a school district that contains all or a portion of a United States military academy;

"(3) serves a school district in which the local tax assessor has certified that at least 60 percent of the real property is federally owned; and

"(4) demonstrates to the satisfaction of the Secretary that such agency's per-pupil revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year."

**SEC. 7. TREATMENT OF IMPACT AID PAYMENTS.**

(a) IN GENERAL.—The Secretary of Education shall treat any State as having met the requirements of section 5(d)(2)(A) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for

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